In the Supreme Court of the United States

OCTOBER TERM, 1946

No. 504

JAMES MARR, DOING BUSINESS AS MARR DUPLICATOR COMPANY, PETITIONER

v.

A. B. DICK COMPANY

ON PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES CIRCUIT COURT OF APPEALS FOR THE SECOND CIRCUIT

MEMORANDUM FOR THE UNITED STATES AS AMICUS CURIAE

The petitioner seeks review of a decision of the Circuit Court of Appeals affirming a decree awarding respondent damages and costs for infringement of respondent's Patent No. 1,526,982. The court's decision was rendered on June 26, 1946, and a petition for rehearing was denied on July 25, 1946.

On July 22, 1946, an indictment under the Sherman Act was returned in the United States District Court for the Northern District of Ohio, Eastern Division, against respondent and

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others (*United States* v. *A. B. Dick Company, et al.*, Cr. No. 18981) and on the same day a complaint under that Act was filed in said court (*United States* v. *A. B. Dick Company, et al.*, Civ. No. 24188). The Solicitor General deems it to be his duty as an officer of this Court to bring to the Court's attention the following allegations made in the foregoing indictment and foregoing complaint, which raise the question whether respondent's prosecution of the instant case may not constitute a fraud upon the courts:

> In or about 1922, an employee of Dick named Edward W. Hill applied to the United States Patent Office for a patent on a cellulose stencil and assigned his application to Dick. Beginning in or about 1923, and continuing for some time thereafter, cellulose stencils of a type similar to that described in the Hill application were manufactured or distributed, or both, by the H. E. Smith Co. (owned by Harry E. Smith) and Rowe-Williams Inc. (owned by Joseph W. Rowe). In 1925, a patent issued on the Hill application and, shortly thereafter, Dick commenced separate infringement suits on the Hill patent against Smith and Rowe and their respective companies. Smith and Rowe each defended on the ground that the Hill patent was invalid because of prior art.
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> In 1927, while the patent suits against Smith and Rowe were awaiting trial, Dick entered into separate agreements with

them providing, among other things, for the payment by Dick of a substantial sum of money in installments, and further providing that an additional substantial sum would be paid by Dick unless, by 1931, the Hill patent had been declared invalid by a court of last resort. In consideration for these payments, Smith and Rowe each acknowledged the validity of the Hill patent, consented to the entry of a decree enjoining infringement of the Hill patent, transferred to Dick certain property including evidence tending to show anticipation of the Hill invention, and agreed to refrain from rendering assistance to any stencil manufacturer other than Dick.

Subsequent to the execution of the agreements referred to in the preceding paragraph, Simplicator Corp. and Arlac Dry Stencil Corp., competitors of Dick, in the course of defending infringement suits brought against them by Dick, each caused interrogatories to be propounded to Smith and Rowe dealing with the questions of prior art and the agreements made by Smith and Rowe with Dick. In response to these interrogatories, Smith and Rowe each concealed his pecuniary interest in an adjudication sustaining the validity of the Hill patent and each withheld evidence of prior art. The Hill patent was subsequently held valid in both actions.

In the above allegations the word "Dick" refers to A. B. Dick Company, the present re-

spondent, and the words "Hill patent" refer to Patent No. 1,526,982, the patent involved in this suit.

If the above allegations should be established on trial thereof, respondent has suppressed proof as to the prior art for the purpose of obtaining judicial decisions upholding the validity of the patent on which the present infringement suit is based; decisions so obtained were among those upon which the circuit court of appeals relied in the present case as having conclusively settled the validity of respondent's patent;[1] and respondent's continuing inequitable and fraudulent suppression of proof pertinent to the validity of its patent has withheld from the petitioner facts which, had they been available to it, might have defeated the present suit. Where a patentee has suppressed facts tending to show the invalidity of his patent, securing the aid of a court in enforcing the patent is a fraud on the court, and the court, on discovery of the true facts, will take whatever action is necessary to remedy this wrong. *Hazel-Atlas Co.* v. *Hartford-Empire Co.*, 322 U. S. 238. See *Keystone Driller Co.* v. *General Excavator Co.*, 290 U. S. 240; *Precision*

[1] The court, in stating that it and other circuit courts of appeals had uniformly upheld the validity of respondent's patent, cited, *inter alia*, *A. B. Dick Co.* v. *Simplicator Corp.*, 34 F. 2d 935 (C. C. A. 2), and *Arlac Dry Stencil Corp.* v. *A. B. Dick Co.*, 46 F. 2d 899 (C. C. A. 3). See 155 F. 2d 923, 924–925.

Instrument Mfg. Co. v. *Automotive Maintenance Machinery Co.*, 324 U. S. 806.

This Court has recently noted that "the inherent power of a Federal Court to investigate whether a judgment was obtained by fraud, is beyond question." *Universal Oil Products Co.* v. *Root Refining Co.*, Nos. 48 and 64, October Term, 1945, decided June 10, 1946, slip sheet opinion p. 4. This Court may wish to have an inquiry made to determine the truth of the facts alleged in the Government's antitrust proceedings before final disposition of this case, in view of the public interest in safeguarding the integrity of the judicial process and in not permitting misuse of the public grant which a patent represents. If this Court should so conclude and should set aside the judgment below and remand the cause for the purpose of taking such action as may be necessary in order to bring to trial the question of suppression of evidence by respondent, the United States will, on the request of either the circuit court of appeals or the district court, offer its services as *amicus curiae* in the framing and trial of the issue. Cf. *Universal Oil Products Co.* v. *Root Refining Co.*, *supra*.

J. HOWARD MCGRATH,
Solicitor General.

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